



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street

San Francisco, CA 94105-3901

CERTIFIED MAIL NO. 7010 1060 0002 0242 7655
RETURN RECEIPT REQUESTED
IN REPLY: AIR 5

JUL 26 2011

Mr. Neil Walker
Manager
Kern Oil and Refining Company
7724 East Panama Lane
Bakersfield, California 93307-9210

Re: Clean Air Act Information Request
Kern Oil and Refining Company Refinery

Dear Mr. Walker:

As you are aware, on November 9th and 10th, 2010, the United States Environmental Protection Agency ("EPA") inspected the Kern Oil and Refining Company ("Kern Oil") petroleum refinery located in Bakersfield, California (the "Refinery"). EPA now requests, pursuant to Section 114 of the Clean Air Act ("CAA"), that Kern Oil provide to EPA the information and documents described in this letter. The purpose of this information request is to determine whether the Refinery has been and is in compliance with applicable CAA requirements.

1. Is the information included in Table 1 below correct? If not, provide the correct information. In addition, provide the information necessary to complete each box in Table 1 below.

TABLE 1

NO.	INFORMATION REQUESTED	
1.a	OFFICIAL REFINERY NAME	KERN OIL AND REFINING COMPANY
1.b	REFINERY LOCATION/ADDRESS	7724 EAST PANAMA LANE, BAKERSFIELD, CALIFORNIA 93307-9210
1.c	DATE REFINERY CONSTRUCTION COMMENCED	1934
1.d	DATE REFINERY OPERATION COMMENCED	1934
1.e	CURRENT REFINERY OWNER	KERN OIL AND REFINING COMPANY

1.f	DATE CURRENT REFINERY OWNERSHIP COMMENCED	1976 (NAME CHANGED IN 1982)
1.g	CURRENT REFINERY OPERATOR	KERN OIL AND REFINING COMPANY
1.h	DATE CURRENT OPERATOR COMMENCED OPERATING REFINERY	1976 (NAME CHANGED IN 1982)
1.i	KERN OIL AND REFINING COMPANY'S HEADQUARTERS ADDRESS	180 EAST OCEAN BOULEVARD, SUITE 1010, LONG BEACH, CALIFORNIA 90802
1.j	KERN OIL AND REFINING COMPANY'S STATE OF INCORPORATION	CALIFORNIA
1.k	KERN OIL AND REFINING COMPANY'S PARENT CORPORATION	NONE

2. Provide a process flow diagram for the Refinery as a whole and each process unit at the Refinery (including units under construction or planned for construction), and a detailed plot plan of the Refinery.
3. Provide a copy of the Refinery's current Title V permit, as well as the associated statement of basis.
4. Provide a copy of the Refinery's initial Title V permit application and any renewal Title V permit applications.
5. Provide copies of the Refinery's annual Title V permit compliance certifications that address compliance in the years 2006, 2007, and 2008.
6. Provide copies of all of the Refinery's semiannual Title V permit reports of required monitoring that address monitoring (including, but not limited to, monitoring for the sulfur recovery plant or for the main flare) that occurred within the period from January 1, 2006, to the present, including, but not limited to, all semiannual reports that Kern Oil submitted to a local agency, State, or EPA pursuant to 40 C.F.R. Part 60, Subparts A, J, Ja, Kb, VV, VVa, GGG, GGGa, or QQQ since January 1, 2006.
7. Provide copies of all of the Refinery's Title V permit reports of deviations from Title V permit conditions that address deviations that occurred within the period from January 1, 2006, to the present.

8. Provide copies of all findings or notices of violation or of noncompliance, all notices or orders to comply (including, but not limited to, orders of abatement), and all complaints (administrative or civil) that a local air agency, State, or EPA issued to Kern Oil for alleged violation of or alleged noncompliance with local, State, or EPA air laws, regulations, rules, permits, or orders that occurred at the Refinery within the period from January 1, 2006, to the present.
9. Provide copies of all 40 C.F.R. Section 63.10(b)(3) applicability determinations, including all supporting documentation.
10. Provide copies of all documents Kern Oil prepared or submitted to a local air agency, State, or EPA to demonstrate compliance with 40 C.F.R. Part 63, Subparts CC or UUU, including but not limited to all documents that purport to establish that the Refinery is not subject to 40 C.F.R. Part 63, Subparts CC or UUU.
11. With regard to the Refinery's sulfur recovery plant (including, but not limited to, the Claus sulfur recovery unit and tail gas incinerator), provide all of the following:
 - a. The dates (i) when construction of the sulfur recovery plant commenced and when it was completed; and (ii) when operation of the sulfur recovery plant commenced.
 - b. Copies of all engineering or feasibility studies regarding the planning, construction, or operation of the Refinery's sulfur recovery plant.
 - c. Copies of all the following documents submitted to or received from a local air agency, State, or EPA from January 1, 2001, to the present, that address the Refinery's sulfur recovery plant: (i) all non-Title V air permits or orders; (ii) all non-Title V air permit or order applications; and (iii) all correspondence related to such non-Title V air permit or order applications. "Non-Title V air permits or orders" include, but are not limited to, authorities to construct and permits to operate.

- d. A diagram indicating which sulfur recovery plant emission units are vented to the sulfur recovery plant incinerator and indicating the location and type of all monitoring devices.
- e. For each occurrence from January 1, 2006, to the present of Refinery sulfur pit emissions not being vented to the sulfur recovery plant for processing, the date, start time, end time, and duration of such occurrence.
- f. Copies of all sulfur recovery plant source test protocols and source test results for source tests conducted since January 1, 2006 (including, but not limited to, the incinerator stack gas flow rate).
- g. For each startup or shutdown of the sulfur recovery plant since January 1, 2006, the date, start time, end time, and duration of the startup or shutdown period. Indicate those startups or shutdowns that occur when the sulfur recovery unit is operating but the sulfur recovery plant's incinerator is not operating.
- h. If applicable, a description of the operating procedures for the sulfur recovery plant during periods when the Refinery does not have sufficient sulfur to process at the sulfur recovery plant.
- i. A statement whether it is possible to operate the sulfur recovery unit while the incinerator is inoperative and provide a brief description of the ways in which the incinerator may be bypassed while the sulfur recovery unit is operating. In addition, for each occurrence since January 1, 2006, the date, start time, end time, and duration of any bypass of the sulfur recovery plant's incinerator.
- j. With regard to production of sulfur, the maximum design capacity (in long-tons per day) of the sulfur recovery plant without regard to any permit condition that limits sulfur production.
- k. The following daily data from January 1, 2006, to the present (in an Excel formatted electronic file):
 - (i) incinerator exhaust daily sulfur dioxide emissions (in pounds per day); and
 - (ii) sulfur recovery plant sulfur production (in long-tons per day).

1. A description of the local air agency approved methods the Refinery applies to calculate the incinerator exhaust gas flow rate used in calculating the daily sulfur dioxide emissions from the incinerator, the incinerator daily sulfur dioxide emission concentration, and the 15-minute sulfur compound concentration.
 - m. All temperature monitoring data from January 1, 2006, to the present for the sulfur recovery plant incinerator.
12. With regard to the Refinery's main flare, provide all of the following:
- a. A diagram of each fuel gas system at the Refinery that shows:
 - (1) The origin of each process or waste stream contributing to the fuel gas system;
 - (2) All points of collection and mixing of fuel gas;
 - (3) The location of all analyzers measuring sulfur content whether installed as a continuous monitoring system or for process purposes;
 - (4) The location of all fuel gas treatment processes (including, but not limited to, amine treatment);
 - (5) The location of all devices, including, but not limited to, boilers, process heaters, and flares in which fuel gas is or can be combusted; and
 - (6) The location of all flare gas recovery compressors.
 - b. A list of all Refinery fuel gas streams that are subject to the 40 C.F.R. Part 60, Subpart J hydrogen sulfide (H_2S) standard, but are not continuously monitored for H_2S concentration using a continuous monitoring system. In addition, an explanation how such streams are monitored to demonstrate compliance with the H_2S standard.

- c. A piping and instrumentation diagram for the main flare system that shows the location of each pressure or flow measurement, knockout drum, and water seal.
- d. A list of all gas streams that are routed to the main flare on a continuous or intermittent basis. In this list, include at least the actual volume of each stream that is burned in the main flare and the sulfur content of each stream.
- e. Copies of all main flare source test protocols and source test results for source tests conducted since January 1, 2006. For each test, state whether the test was conducted to comply with a federal, state, or local testing requirement and provide a reference to such testing requirement.
- f. The dates (i) when construction of the main flare commenced and when it was completed; (ii) when operation of the main flare commenced; (iii) when a continuous monitoring system was installed for the main flare to monitor H₂S concentration in the gas burned in the main flare; (iv) when the main flare became capable of burning offsite/purchased natural gas; and (v) when the main flare first began to burn offsite/purchased natural gas.
- g. Copies of all the following documents regarding the main flare:
 - (1) All engineering or feasibility studies regarding the construction, modification, or operation of the Refinery's main flare since January 1, 2001;
 - (2) All refinery flaring reports and flare pilot outage reports that Kern Oil submitted to a local air agency, State, or EPA since January 1, 2006;
 - (3) The current standard operating procedures, the current flare operating manual, the current flare gas recovery system operating manual, and the current flare minimization plan;
 - (4) All documents that Kern Oil prepared or submitted to local air agency, State, or EPA to demonstrate compliance with the requirements of 40 C.F.R. Sections 60.18 or 63.11 since the main flare

became subject to any 40 C.F.R. Part 60 or 63 requirements;

- (5) All flare gas capacity studies conducted at the Refinery and all flare gas recovery system capacity studies conducted at the Refinery; and
 - (6) All the following documents submitted to or received from a local air agency, State, or EPA from January 1, 2001, to the present, that address the Refinery's main flare: (i) all non-Title V air permits or orders; (ii) all non-Title V air permit or order applications; and (iii) all correspondence related to such non-Title V air permit or order applications. "Non-Title V air permits or orders" include, but are not limited to, authorities to construct and permits to operate.
- h. All daily average data (in an Excel formatted electronic file) for the flow of gas to the flare (in pounds per hour and scfm) from January 1, 2006, to the present.
 - i. All daily average data for the mass flow rate of steam to the flare (in pounds per hour) from January 1, 2006, to the present.
 - j. All daily average data for the flow of gas to the flare gas recovery system (in pounds per hour and scfm) from startup of the flare gas recovery system to the present.
 - k. All daily average data for the concentration of H₂S in the gas combusted in the flare (in ppm by volume) from January 1, 2006, to the present when a flow monitor was in use.
 - l. All daily average data (in an Excel formatted electronic file) for the flow of offsite/purchased natural gas to the flare (in pounds per hour and scfm) from January 1, 2006, to the present, including a description of how such flow is measured and calculated.
 - m. Provide a list of each instance where a new line or larger line was tied in to the main flare gas header since June 24, 2008, that includes the following:
 - (1) Identify the header:
 - (2) State the maximum and average flows of gas added to the header (in scfm);

- (3) State whether the gas supplied by the new or larger line contains any sulfur and provide the expected average and maximum H_2S , COS , and CS_2 concentrations in the gas; and
- (4) State the date that the new or larger line was tied in to the main flare.

Kern Oil shall submit its responses to this information request postmarked no later than **August 19, 2011**.

All Kern Oil responses must be signed by a responsible corporate official of Kern Oil (i.e., a president, secretary, treasurer, or vice-president of Kern Oil; a senior management representative at the Refinery; or any person who performs similar policy or decision-making functions for Kern Oil). The information provided by Kern Oil may be used by the United States in administrative, civil, or criminal proceedings.

Kern Oil shall submit the requested information via certified mail with return receipt requested to the following address:

Deborah Jordan
Director, Air Division
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105
Attn: Maggie Waldon (AIR-5)

Please be advised that under Section 113(a) of the CAA, failure to provide the information and documents required by this letter may result in an order requiring compliance, an order assessing an administrative penalty, or a civil action for appropriate relief. Section 113(b) of the CAA and 40 C.F.R. Part 19 provide for the assessment of a civil penalty of \$37,500 per day for each violation of the CAA. In addition, Section 113(c) of the CAA provides criminal penalties for knowingly making any false material statement in, or omitting material information from, any report required under the CAA.

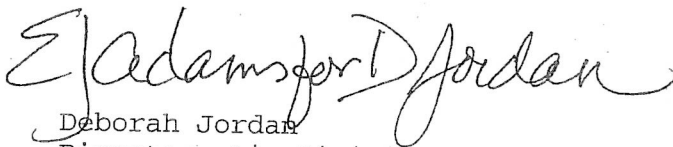
You may, if you desire, assert a business confidentiality claim on behalf of Kern Oil covering part or all of the information provided to EPA in response to this letter. Any such claim for confidentiality must conform to the requirements set forth in 40 C.F.R. Part 2, especially § 2.203, and contain substantiating documentary evidence. You are advised that certain information may be made available to the public pursuant to 42 U.S.C. § 7414(c) and 40 C.F.R. § 2.301, notwithstanding a claim that such information is entitled to confidential treatment. If no claim of confidentiality is received with your reply, the information may be made available to the public without notice to Kern Oil.

In responding to this information request, if Kern Oil seeks to withhold any document based on a claim of attorney-client communication privilege or the attorney work product doctrine, Kern Oil shall provide with its response a privilege log for each document containing the following information: (i) the date, author(s), every individual to whom the document was originally sent, every individual who subsequently acquired the document, the purpose for which the document was sent to or obtained by those individuals, and the employment titles of the authors and recipients; (ii) the subject matter of the document; (iii) the privilege claimed for the document and all facts supporting the claim of privilege; (iv) the primary purpose(s), including any business purposes, for which the document was made; (v) the question(s) in this information request to which the document is responsive to; and (vi) all facts contained in the document that are responsive to a question in this information request.

This request for information is not subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act because it is not an "collection of information" within the meaning of 44 U.S.C. §§ 3502 and 3518. Furthermore, it is exempt from OMB review under the Paperwork Reduction Act because it is directed to fewer than ten persons (see, 5 C.F.R. § 1320.3(c)).

If you have any questions regarding this request, please contact Maggie Waldon, Air Enforcement Office, at (415) 972-3987 or your attorney can contact Thomas Mintz, Office of Regional Counsel, at (415) 972-3896. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "E. Adams for D. Jordan".

Deborah Jordan
Director, Air Division

cc: Seyed Sadredin, SJVAPCD

